

**This Commission will make further specific recommendations on recovery of stranded costs of other electric suppliers to the 2001 General Assembly. In making such recommendations, this Commission will consider competitive generation costs for the various power suppliers.**

**None of the recommendations contained in this section is intended to alter the fuel clause adjustment proceedings now permitted by G.S. 62-133.2.**

The Commission recognizes that stranded costs exist as a result of reasonable investments made by the regulated monopoly electric utilities, and other providers, to carry out their agreements with the State and the people they serve to provide adequate electric power. It follows that, if we change the business environment in which we, the people of this State, asked that these investments be made, then we have an obligation to ensure that they are recovered as part of the transition from a regulated to a competitive marketplace. Fortunately, the stranded costs that will exist in this State, at least for the investor owned utilities, are not excessive, and can be recovered in ways that will not have a dramatic impact on the price of electricity as we move into a competitive environment.

In a report to this Commission, the Research Triangle Institute estimates that stranded costs for North Carolina's six power providers could total \$6.3 billion for its reference case year of 2004. However, when the stranded cost estimates for the municipal power agencies are removed, the figure drops to \$2.7 billion.<sup>2</sup> The Commission feels it is reasonable to separate out the municipal power agency

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<sup>2</sup> Stranded Cost Estimates for a Restructured Electric Industry in North Carolina – Addendum to Final Report, page 6. It must be noted that the RTI figures are estimates based on certain assumptions